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09/535,877	03/28/2000	Terence Boyle	CIT10139	5079

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EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 01/14/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/535,877

Applicant(s)

BOYLE ET AL.

Examiner

Siegfried E. Chencinski

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 October 2003.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-4, 8, 10-21, 23, 26, 30-35, 39, 41-43, 46, 49, 50 and 51 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-4, 8, 10-21, 23, 26, 30-35, 39, 41-43, 46, 49, 50 and 51 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

- 12) ☒ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.
- a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 112

1. The rejections of claims **42, 43, 44, 50 & 51** are withdrawn based on Applicant's amendment of claims 42, 43, 50 and 51 and the cancellation of claim 44.

The Examiner would like to point out that Applicant has a typographical error in the Remarks/Arguments section of his amendment on page 10, lines 2-3. The amendment of these claims and the summary of canceled claims state that claims 42 and 43 stand amended, not canceled. The Examiner is continuing the prosecution of this Application under the assumption that claims 42 and 43 stand as amended.

Claim Rejections - 35 USC § 102

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

2. **Claims 1, 11-20, 30-35, 42, 43, 50 & 51** U.S.C. 102(e) as being anticipated by Hawkins.

Re. Claim 1 & 35, Hawkins anticipates a method and system means for reconciliation of fund manager and custodian account records (Definitions of Custodian - Col. 2, lines 52-56) - comprising:

- receiving a first account record by a database electronically from one of an internal portfolio tracking system of a fund manager and a custody network of a custodian and receiving a second account record by the database from the other of the internal portfolio tracking system of the fund manager and the custody network of the custodian (account record – Col. 9, lines 18-20, Col. 34, line 20; first and second database – Col. 3, lines 27-28);

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- automatically comparing the account records by a computer application according to predefined matching rules for at least one item of account data selected from a group of account data items consisting of account number, security identification units unit cost, total cost, unit price, and total market value to identify one of matched and unmatched first and second account records (Col. 3, lines 59-62; Col. 8, lines 17-19; Col. 16, lines 49-52); and
- if unmatched account records are identified in the comparison, generating a report of the comparison by the computer application identifying the unmatched account records accessible for display by the fund manager and the custodian, allowing a manual match of the unmatched account records on the database by either one of the fund manager and the custodian, and storing an historical record of the manual match by the computer application accessible by either one of the other of the fund manager and the custodian (Reports – Fig's 14, 16, 19; Col. 8, lines 37-39; Col. 20, lines 34-37).__

Re. Claim 11 & 42, Hawkins anticipates the method and system of claims 1 & 35, wherein automatically comparing the account records further comprises uploading the account records to a database (Col. 2, lines 30-37).

Re. Claim 12, Hawkins anticipates the method of claim 11, wherein uploading the account records further comprises formatting the account records (Inherent).

Re. Claim 13, Hawkins anticipates the method of the method of claim 12, wherein uploading the account records further comprises parsing the account records (Inherent);

Re. Claim 14, Hawkins anticipates the method of the method of claim 13, wherein uploading the account records further comprises validating the account records (Inherent).

Re. Claims 15 & 43, Hawkins anticipates the method of the method of claim 11, wherein uploading the account records further comprises uploading the account records according to a predefined schedule (Inherent).

Re. Claims 16, Hawkins anticipates the method of the method of claim 1, wherein automatically comparing the account records further comprises predefining the matching rules (Col. 23, line 11).

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Re. Claim 17, Hawkins anticipates the method of claim 16, wherein predefining the matching rules further comprises predefining available match groups for a fund manager and a custodian (Col. 8, line 17-19).

Re. Claim 18, Hawkins anticipates the method of claim 16, wherein predefining the matching rules further comprises predefining the matching rules for the account records for at least one of a position and a transaction (an inherent requirement of matching).

Re. Claim 19, Hawkins anticipates the method of claim 18, wherein predefining the matching rules further comprises predefining substantially similar matching rules for the account records for the position and transaction (Inherent to matching).

Re. Claim 20, Hawkins anticipates the method of claim 18, wherein predefining the matching rules further comprises predefining different matching rules for the account records for the position and transaction (Some data elements of account record data in a securities position is inherently different from account record data in a transactions record).

Re. Claims 30, Hawkins anticipates the method of claim 1, wherein displaying the report further comprises displaying the unmatched first and second account records simultaneously for either one of the fund manager and the custodian on a consolidated screen (An inherent feature available in Windows technology).

Re. Claim 31, Hawkins anticipates the method of claim 1, wherein displaying the report further comprises prompting either one of the fund manager and the custodian for entry of the manual match (Inherent to applicant's chosen computer technology).

Re. Claims 32 & 50, Hawkins anticipates the method of claim 1 and the system of claim 35, wherein allowing the manual match further comprises programming the identifying of a reason for the manual match (Col. 34, lines 45-55). It is also obvious that records which do not satisfy automated matching criteria will need to be manually matched).

Re. Claim 33, Hawkins anticipates the method of claim 32, wherein identifying the reason further comprises storing a record of the reason for the manual match (An inherent feature of computer systems, including the PC workstations and Windows operating systems chosen by applicant).

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Re. Claims 34 & 51, Hawkins anticipates the method of claim 33 and the system means of claim 50, wherein storing the record further comprises allowing through preprogramming a retrieval of the record of the reason for the manual match (An inherent feature of computer systems, including the PC workstations and Windows operating systems chosen by applicant).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 2-4, 8, 10, 26, 39, 41, 46 & 49 are rejected under 35 U.S. C. 103(a) as being unpatentable over Hawkins in view of Harris (US Patent 5,517,406).

Hawkins does not explicitly disclose:

- **Re. Claims 2**, the method of claim 1, wherein receiving the account records further comprises receiving the first and second account records for one of a position and a transaction.
- **Re. Claim 3**, the method of claim 2, wherein receiving the account records for the position further comprises receiving the first and second account records for one of a securities position and a cash position.
- **Re. Claim 4**, the method of claim 2, wherein receiving the account records for the transaction further comprises receiving the first and second account records for one of a securities transaction and cash transaction.
- **Re. Claims 8 & 39**, the method and systems of claims 1 & 35, wherein receiving the account record electronically via the interface to the custody network of the custodian further comprises receiving the account record electronically via a proprietary financial network.

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- **Re. Claims 10 & 41**, the method of claim 1 and the systems means of claim 35, wherein receiving the account records by the database further comprises receiving the account records by a service bureau database.
- **Re. Claims 26**, the method of claim 1, wherein generating the report further comprises allowing at least one of the fund manager and the custodian to download the report in a file.
- **Re. Claims 46**, the method of claim 24 and the systems means of claim 45 & 47, wherein generating the report further comprises displaying the report for a user on a terminal.
- **Re. Claim 49**, the system of claim 46, wherein the computer application is further adapted for displaying the unmatched first and second account records simultaneously for the user on a consolidated display at the terminal.

However, Harris discloses:

- **Re. Claims 2**, the method of claim 1, wherein receiving the account records further comprises receiving the first and second account records for one of a position and a transaction (Title; Col. 2, line 45; Col. 3, lines 510).
- **Re. Claim 3**, the method of claim 2, wherein receiving the account records for the position further comprises receiving the first and second account records for one of a securities position and a cash position (Re. Securities: Col. 6, lines 5-8; Re. Cash: It is well known that Cash is a component of most investor accounts).
- **Re. Claim 4**, the method of claim 2, wherein receiving the account records for the transaction further comprises receiving the first and second account records for one of a securities transaction and cash transaction (Re. Securities Transactions: Col. 6, line 7; Col. 5, lines 46-52; Re. Cash: It is well known that Cash is a component of most investor accounts).
- **Re. Claims 8 & 39**, the method of claim 7 and systems means of claim 38, wherein receiving the account record electronically via the interface to the custody network of the custodian further comprises receiving the account record electronically via a proprietary financial network (Col. 5 line 62 - Col. 6, line 16).

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- **Re. Claims 10 & 41**, the method of claim 1 and the systems means of claim 35, wherein receiving the account records by the database further comprises receiving the account records by a service bureau database (Hawkins, Col. 2, lines 30-37; Harris, Abstract).
- **Re. Claim 26**, the method of claim 24, wherein generating the report further comprises allowing a user to download the report in a file (Col. 14, lines 11-16).
- **Re. Claims 46**, the method of claim 24 and the systems means of claim 45 & 47, wherein generating the report further comprises displaying the report for a user on a terminal (Hawkins, Col. 8, lines 48-56).
- **Re. Claim 49**, the system of claim 46, wherein the computer application is further adapted for displaying the unmatched first and second account records simultaneously for the user on a consolidated display at the terminal (Inherent to applicant's chosen computer technology).

It would have been obvious for an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Hawkins with those of Harris in order to develop an efficient automated system for reconciling account records.

4. Claims 21 and 23 are rejected under 35 U.S. C. 103(a) as being unpatentable over Hawkins in view of Josephson (US Patent 5,689,579).

Hawkins does not explicitly disclose:

- **Re. Claim 21**, the method of claim 16, wherein predefining the matching rules further comprises predefining matching criteria in terms of a tolerance in at least one of percentage terms and nominal terms.
- **Re. Claim 23**, the method of claim 16, wherein predefining the matching rules further comprises predefining the matching rules in terms of levels of match success.

However, Josephson discloses:

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- Re. **Claim 21**, the method of claim 16, wherein predefining the matching rules further comprises predefining matching criteria in terms of a tolerance in at least one of percentage terms and nominal terms (Abstract; Col. 4, lines 9 - 66);
- Re. **Claim 23**, the method of claim 16, wherein predefining the matching rules further comprises predefining the matching rules in terms of levels of match success (Col. 4, lines 45-50).

It would have been obvious for an ordinary practitioner of the art at the time of Applicant's invention to combine the disclosures of Hawkins with those of Josephson in order to develop an efficient automated system for reconciling account records.

Response to Arguments

5. Applicant's arguments filed October 6, 2003 have been fully considered but they are not persuasive.

ARGUMENT 1. Dunn et. al, Hawkins et al., Harris et al., and/or Josephson do not disclose, nor even suggest, the required combination of limitations of independent claims 1 and 35 of applicant's claimed method and system for reconciliation of fund manager and custodian account records as amended. The claimed combinations are not taught or suggested by Dunn et al., Hawkins et al., Harris et al., and/or Josephson either separately or in combination with one another (page 13, lines 13-18).

RESPONSE:

- a) The disclosures of Dunn are moot in view of the above changes in the basis for rejections.
- b) For the reasons cited in the above rejections, an ordinary practitioner of Applicant's claimed art operating at the time of Applicant's invention would have found it obvious to combine the prior art of Hawkins, Harris and Josephson in order to design an efficient computer method and system for the claimed centralized automated reconciliation of custody accounts because the referenced prior art is established in the same art of practice and end use environment, namely in the administration of accounting and financial records. Such practitioners learn of practices within their industry from trade magazines and journals, from personal associations with other

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practitioners of the art and from vendor representatives who share as much information about the practice of the art among their customers as is permitted by the bounds of proprietary information. Computer systems practitioners such as systems analysts, programmers, computer communications and security specialists and hardware implementers and operators freely move around through job changes, user group meetings and bulletin boards. Sales and technical service from hardware and software vendors such as Sun Microsystems, Oracle and Microsoft, just to name a few, help customers choose new systems and also share many techniques and suggestions. All of this reality gives a very broad definition to computer implemented arts practitioner segments, making these skills very transferable among a wide variety of industry application environments.

c) The following are the Industries Represented by the Three Prior Art References:

The Hawkins disclosure "relates generally to a method and system for automatically matching financial transactions that are electronically traded among various user groups, and in particular to a method and device for automatically matching securities electronically traded among brokers" (Col. 1, lines 26-30).

The Harris disclosure "relates to an automated trade processing system and more particularly to an automated trade processing system which interfaces customer trade transactions from a record keeping system to a transfer agent which executes the customer trade transactions. Even more particularly, this present invention relates to a automated trade processing system which verifies and trade-acknowledgment confirms incoming transaction requests" (Col. 1, lines 25-33).

The Josephson disclosure "is directed, in general, to the field of electronic check processing and, more specifically, to a rule-based circuit, method of operation and system for performing item level reconciliation for use with electronic check processing systems and dam processing apparatus" (Col. 1, lines 31-35).

In sum, these references all deal with the accounting record verification and matching of financial services activities, including banking, securities trading, transfer agents, and electronic check processing. They also bridge the gap between financial service providers, custodians and customers.

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ARGUMENT 2: Because the cited references, either alone or in combination, do not teach the limitations of independent claims 1 and 35, the Examiner has failed to establish the required prima facie case of unpatentability. See *In re Royka*, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a prima facie case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03. The Examiner has failed to establish the required prima facie case of unpatentability for independent claims 1 and 35 and similarly has failed to establish a prima facie case of unpatentability for claims 2-4, 8, 10-21, 23, 26, and 30-34 that depend on amended claim 1 and claims 39, 41-43, 46, and 49-51 that depend on amended claim 35 and which recite further specific elements that have no reasonable correspondence with the references (Page 13, lines 13-23).

RESPONSE:

a) Re. claims independent claims 1 and 35, and dependent claims 11-20, 30-34, 42, 43, 50 & 51: Applicant's argument challenging the motivation to combine prior art for these claims is moot in view of the change to anticipation rejections for these claims as necessitated by Applicant's amendment of these claims.

b) Re. the obviousness rejections of claims 2-4, 8, 10, 21, 23, 26, 39, 41, 46 & 49: The examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the examiner is relying on the knowledge generally available to one of ordinary skill in the art and the motivations to combine cited in each rejection. See the Examiner's response to Argument 1.

To establish a prima facie case of obviousness, three basic criteria must be met:

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- * First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.
- * Second, there must be a reasonable expectation of success.
- * Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

The Examiner respectfully concludes that each of these obviousness rejection requirements have been met in this case. There is powerful motivation to combine the references to produce greater profit opportunities through the cost reduction opportunity involved in these combinations. There is strong and reasonable expectation for success for the combination, since the selective combination will only create positive synergy without any conflicts. Third, the prior art references, when combined, do teach all the claim limitations.

The Examiner has presented above an overview of the interrelated areas of art involved in the Examiner's rejections.

The strongest rationale for combining references is a recognition, expressly or impliedly in the prior art or drawn from a convincing line of reasoning based on established scientific principles or legal precedent, that some advantage or expected beneficial result would have been produced by their combination. In re Sernaker, 702 F.2d 989, 994-95, 217 USPQ 1, 5-6 (Fed. Cir. 1983). The above combination of the prior art of Hawkins, Harris and Josephson represent a powerful motivation to combine to an ordinary practitioner of the art represented by this Application because of the clear beneficial results which are produced in the resulting computer automated method and system, as Applicant concluded in producing his invention. Since a combination need only be by a hypothetical practitioner of the art, Applicant's invention represents a *prima facie* case of obviousness on the effective date of Applicant's invention.

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Conclusion

6. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

7. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is 703-305-6199. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Hyung S. Sough, can be reached on 703-308-0505.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 308-1113.

Any response to this action should be mailed to:

*Commissioner of Patents and Trademarks
Washington D.C. 20231*

or faxed to:

(703)305-7687 [Official communications; including
After Final communications labeled
"Box AF"]

(703) 746-8177 [Informal/Draft communications, labeled
"PROPOSED" or "DRAFT"]

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Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive,
Arlington, VA, 7th floor receptionist.

SEC

January 9, 2004


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